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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 L-03 H-02 PA-02 PRS-01 STR-04
ITC-01 EA-09 /089 W
----------032203Z 010285 /63
R 031803Z MAR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1213

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E.O. 11652: N/A
TAGS: ETRD UK
SUBJECT: USITC INVESTIGATION OF PROBABLE ECONOMIC EFFECT
OF MODIFYING U.S. TARIFF TREATMENT OF HIGH PRE-
CISION WATCHES AND THE NEED TO PROTECT A
DOMESTIC INDUSTRY

REF: 76 STATE 263360

THE FOLLOWING INFORMATION ON THE UK WATCH INDUSTRY IS PROVIDED IN RESPONSE TO REFTEL AND KEYED TO SUBJECT CATE-GORIES CONTAINED PARA 3 REFTEL. (NOTES: (A) HM CUSTOMS TARIFF CLASSIFICATION SYSTEM FOR WATCHES UNFORTUNATELY DOES NOT EVEN APPROXIMATE U.S. CATEGORIES PROVIDED REFTEL AND THE DEGREE OF SPECIFICITY IN UK SYSTEM IS CONSIDER-ABLY LESS THAN THAT OF U.S. (B) UK'S TARIFF CLASSIFICA-TION FOR WATCHES AND RELATED COMPONENTS HAS CHANGED THREE TIMES DURING THE LAST SIX YEARS, MOST RECENTLY IN JANUARY 1977, AND THIS ADDS TO THE DIFFICULTY OF COM-PILING MEANINGFUL AND CONSISTENT DATA. (C) DOMESTIC WATCH PRODUCTION DATA IS COMPILED BY DEPARTMENT OF INDUSTRY USING ITS OWN CLASSIFICATION SYSTEM AND EXPORT DATA IS COMPILED BY HM CUSTOMS USING A SOMEWHAT DIFFERENT SYSTEM, SO THERE IS NO CATEGORY COMPARABILITY BETWEEN
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PRODUCTION AND EXPORT DATA. (D) AS REQUESTED, VALUE FIGURES ARE PROVIDED IN DOLLARS AND THE FOLLOWING AVER-AGE EXCHANGE RATES FOR THE POUND WERE USED IN CONVERTING: 1976 (1.80), 1975 (2.22), 1974 (2.33), 1973 (2.45), 1972 (2.50). (E) NO DATA IS AVAILABLE FOR 1971.)

L. I. TOTAL ANNUAL UK PRODUCTION FIGURES (FIRST THREE

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QUARTERS ONLY FOR ALL 1976 DATA).

(A) WATCHES (COMPLETE WATCHES AND MOVEMENTS COMBINED).

(1) WRIST WATCHES WITH JEWELLED LEVER MOVEMENT

	NO. OF UNITS (THOUSANDS)	VALUE (THOUSANDS)
1976	179	6,72L
1975	208	9'428
1974	161	5,643
1973	140	4,145
1972	163	3,213

(2) OTHER WRIST WATCHES.

	NO. OF UNITS (THOUSANDS)	VALUE (THOUSANDS)
1976	4,026	23,852
1975	5,638	31,159
1974	5,565	20,315
1973	4,727	17,756
1972	4,070	14.470

(3) OTHER WATCHES (INCLUDING POCKET WATCHES. STOP WATCHES AND POCKET TIMERS)

	NO. OF UNITS (THOUSANDS)	VALUE (THOUSANDS)
1976	356	1,573
1975	434	2,546
1974	461	1,938
1973	487	1,281

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1972	497	1,125

(B) PARTS OF WATCHES (INCLUDING STOP WATCHES, POCKET TIMERS AND CASES, BUT EXCLUDING COMPLETE MOVEMENTS AND PLASTIC PARTS).

	VALUE (THOUSANDS)
1976	22,878
1975	39,580
1974	30,784
1973	24,233
1972	20,093

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LAB-04 SIL-01 OMB-01 L-03 H-02 PA-02 PRS-01 STR-04
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1. II. TOTAL ANNUAL UK EXPORTS OF WATCHES TO THE U.S. (FOB). DATA FOR U.S. AVAILABLE ONLY IN CATEGORIES WHERE VALUE OF EXPORTS EXCEEDS 100,000 POUNDS (APPROXIMATELY U.S. DOLLARS 180,000 AT 1976 EXCHANGE RATE).

(A) POCKET WATCHES, WRIST WATCHES AND OTHER WATCHES (SITC 864.11).

1976	40,100	1,593
1975	117,100	8,0L0
1974	N/A	N/A
1973	N/A	188
1972	N/A	N/A

(C) WATCH AND CLOCK PARTS EXCLUSIVE OF CASES AND PARTS THEREOF AND ASSEMBLED MOVEMENTS (SITC 864.29)

	NO. OF UNITS	VALUE (THOUSANDS)
1976	231,600	12,559
1975	228,900	13.131

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1974	576,300	16,666
1973	N/A	14,415
1972	N/A	N/A

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2. NO BREAKOUT OF DATA IS AVAILABLE FOR EXPORTS TO THE U.S. UNDER THE SOECIAL TSUS 806.30/807.00 PROVISIONS.

3. DOMESTIC INDUSTRY. THE TOTAL DOMESTIC WATCH-PRODUCING INDUSTRY IS QUITE SMALL. (A) IN THE CONVENTIONAL WATCH CATEGORY (BALANCE WHEEL AND HAIRSPRING MECHANISM) THERE ARE NO LONGER ANY UK FIRMS MANUFACTURING WATCHES. THERE ARE APPROXIMATELY 20 COMPANIES INVOLVED IN THE CONVENTIONAL WATCH FIELD, BUT THEY ARE EXCLUSIVELY IMPORTERS OF MOVEMENTS WHICH ARE ASSEMBLED HERE. THE LARGEST SHARE OF THESE IMPORTED CONVENTIONAL MOVEMENTS COMES FROM SWITZERLAND. THE BULK OF THE CASES USED IN THIS WATCH ASSEMBLY PROCESS ARE ALSO IMPORTED. (B) IN THE NON-CONVENTIONAL CATEGORY (NO BALANCE WHEEL OR HAIRSPRING MECHANISM) THERE ARE TWO SMALL FIRMS PRODUCING WATCHES AND APPROXIMATELY 12 FIRMS ASSEMBLING WATCHES. PRIMARY SOURCES OF MOVEMENTS/MODULES FOR WATCHES ASSEMBLED HERE ARE THE U.S. AND JAPAN.

4. TECHNOLOGICAL DEVELOPMENTS. ACCORDING TO THE MAJOR

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ITC-01 EA-09 /089 W
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WATCH INDUSTRY ASSOCIATION, THE COMBINED BRITISH CLOCK AND WATCH MANUFACTURERS LIMITED AND BRITISH HOROLOGICAL INSTITUTE LIMITED, THERE HAVE BEEN NO RECENT TECHNOLOGICAL DEVELOPMENTS OF ANY SIGNIFICANCE IN THE UK WATCH

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INDUSTRY AND NONE ARE PROJECTED FOR THE NEAR FUTURE.

5. TARIFF AND NON-TARIFF MEASURES. (A) UK TARIFFS ON WATCHES FROM NON-EC COUNTRIES TEND TO FALL IN THE THREE TO EIGHT PERCENT RANGE. WASHINGTON AGENCIES ARE IN BETTER POSITION THAN EMBASSY TO ASSESS DEGREE TO WHICH TARIFFS OF THIS LEVEL CONSTITUTE A BARRIER TO TRADE. WATCHES FROM EC COUNTRIES ENTER DUTY FREE. (B) WE ARE NOT AWARE OF ANY UK NON-TARIFF MEASURES WHICH WOULD SIGNIFICANTLY AFFECT TRADE IN PRODUCT CATEGORIES LISTED IN PARA ONE OF REFTEL.

6. EMPLOYMENT. ACCORDING TO THE BUSINESS STATISTICS OFFICE OF THE DEPARTMENT OF INDUSTRY, FOLLOWING ARE AVERAGE EMPLOYMENT FIGURES FOR UK EMPLOYMENT IN THE WATCH AND CLOCK INDUSTRY (NO SEPARATE WATCH CATEGORY IS MAINTAINED BY HMG):

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1972	13,300
1973	13,200
1974	15,000
1975	14,800
1976	13,100 (FIRST THREE QUARTERS).

7. FUTURE. THE GENERAL OUTLOOK FOR THE UK'S DOMESTIC WATCH INDUSTRY IS ONE OF PROBABLE CONTINUANCE OF THE SITUATION DISCUSSED ABOVE, WITH PERHAPS SOME GRADUAL DECLINE IN BOTH PRODUCTION/ASSEMBLY AND EXPORTS. THE INDUSTRY MAY SHIFT TO EXCLUSIVELY AN ASSEMBLY OPERATION UNLESS THE TWO REMAINING NON-CONVENTIONAL WATCH MANUFACTURERS ARE ABLE TO BECOME MORE COMPETITIVE THAN THEY ARE NOW.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
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